

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 215 - HB 438**

March 30, 2009

**SUMMARY OF BILL:** Requires managed care health insurance issuers to validate the administrative claims data used to rate the quality of a provider's care to an 85 percent confidence level and provide the confidence level, margin of error, and the range of scores for the provider's peer group with the publication.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$6,982,700**

**Increase Federal Expenditures - \$20,017,300**

**Assumptions:**

- According to the Bureau of TennCare, managed care organizations (MCO) will have to audit the information collected for provider networks by sending nurses to each provider. The MCOs estimate that each medical record sampled will cost approximately \$20 to audit.
- TennCare estimates that 50 records will be reviewed per physician resulting in an increase in expenditures of \$27,000,000 (27,000 physicians x 50 records x \$20 per record).
- Of the \$27,000,000 in expenditures, \$6,982,740 will be state funds at a rate of 25.862 percent and \$20,017,260 will be federal funds at a match rate of 74.138 percent.
- The Department of Commerce and Insurance will regulate the provisions of the bill through investigating complaints made by providers. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/kml